

Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 SS-20 NSC-07 NSCE-00 L-03 HEW-08 AGR-20

AID-20 EB-11 IO-14 RSC-01 COME-00 TRSE-00 SWF-02

CIAE-00 INR-10 NSAE-00 DRC-01 /132 W

----- 004458

P R 180933Z MAR 74

FM USLO PEKING

TO SECSTATE WASHDC PRIORITY 1523

INFO AMCONSUL HONG KONG

C O N F I D E N T I A L PEKING 0461

E.O. 11652: GDS

TAGS: EAGR ETRD CH

SUBJ: TCK WHEAT SMUT PROBLEM

REF: PEKING 453 AND PREVIOUS

SUMMARY. DREYFUS AND CARGILL REPRESENTATIVES IN PEKING HAVE BEEN INSTRUCTED BY THEIR HEADQUARTERS TO PROPOSE AN EXCHANGE OF US AND PRC DELEGATIONS OVER THE TCK WHEAT SMUT ISSUE. CARGILL REPRESENTATIVE LANG CONVEYED THIS MESSAGE TO THE CHINA NATIONAL CEREALS OILS AND FOODSTUFFS IMPORT AND EXPORT CORPORATION ON MARCH 18 AND WAS TOLD THE PROPOSAL WOULD BE PASSED TO "A HIGHER LEVEL." WE ARE INCREASINGLY CONVINCED THAT THE DISPATCH OF A USG DELEGATION TO PEKING WILL BE NECESSARY TO RESOLVE THIS PROBLEM, BUT TO AVOID A FURTHER HARDENING OF THE PRC'S POSITION AND ANY MISUNDERSTANDING REGARDING US INTENTIONS, THE DELEGATION MUST BE THOROUGHLY PREPARED TO DEAL WITH ALL ASPECTS OF THE TCK PROBLEM. END SUMMARY.

1. CARGILL REPRESENTATIVE LANG CALLED AT USLO MORNING MARCH 18 AND PASSED TO US THE FOLLOWING CABLE WHICH HE HAD RECEIVED FROM CARGILL INTERNATIONAL HEADQUARTERS IN GENEVA: QTE RE LUBIJA TCK PROBLEM FAILING SUCCESS IN CONVINCING CHINESE TO DISCHARGE VESSEL AND TO HANDLE
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SIMILAR TO VESSELS PREVIOUSLY FOUND TO CONTAIN TCK ON

ARRIVAL MOST URGENT THAT YOU CONVEY TO YOUR HIGHEST LEVEL OF CONTACT IN PEKING THAT THIS IMPASSE WILL BEST BE RESOLVED BY A CHINESE TEAM TRAVELLING IMMEDIATELY TO USA TO FAMILIARIZE THEMSELVES WITH DIMENSIONS OF THE PROBLEM AND THE EFFORTS THAT ARE BEING MADE TO RESOLVE IT. MEMBERS OF CHINESE TEAM SHOULD BE OF HIGHEST SCIENTIFIC KNOWLEDGE AND HIGHEST POLICY RANK OF GOVERNMENT OFFICIAL POSSIBLE TO FACILITATE IMMEDIATE AND EFFECTIVE COMMUNICATIONS. FURTHER PLEASE CONVEY TO YOUR HIGHEST CONTACT DESIRABILITY FOR AIDING RESOLUTION OF PROBLEM THAT CHINESE INVITE COMPETENT HIGH LEVEL SCIENTIFIC AND HIGH LEVEL USA GOVERNMENTAL POLICY RANK OFFICIALS TO PEKING TO DISCUSS SOLUTION SIMULTANEOUS WITH TALKS IN USA. THIS SHOULD BE A PRIORITY APPROACH. APPRECIATE YOUR EARLIEST REPLY ON HOW SUGGESTIONS ARE RECEIVED BY CEROILFOOD AND OTHER CHINESE REPRESENTATIVES CONSULTED. UNQTE. IN A SEPARATE MESSAGE, LANG WAS INFORMED THAT THIS CABLE HAD BEEN "WORKED OUT BY USDA WITH EXPORTERS CONCERNED."

2. LANG ALSO PASSED TO US TRANSCRIPT OF TELEPHONE CALL WHICH DREYFUS REPRESENTATIVE MARQUOT HAS RECEIVED FROM HIS HOME OFFICE. THE TRANSCRIPT READS AS FOLLOWS: QTE WE HAVE CONSULTED WITH HIGH LEVELS OF OUR GOVERNMENT AND WE ARE ASKED TO ADVISE YOU THAT THEY ARE ANXIOUS TO SEND A GROUP OF HIGH LEVEL SCIENTIFIC, TECHNICAL AND POLICY MAKING TO CHINA TO DISCUSS THE MATTER. ALTERNATIVELY, IF YOU PREFER, WE HAVE BEEN ASKED TO REQUEST YOU TO CONSIDER SENDING A HIGH LEVEL POLICY AND TECHNICAL TEAM TO WASHINGTON TO SEE IF SOME RESOLUTION CAN BE FOUND FOR THIS PROBLEM. UNQTE. (PLEASE NOTE: LANG REQUESTED WE NOT INFORM MARQUOT THAT LANG PROVIDED THIS TRANSCRIPT TO US. WE REQUEST THAT WASHINGTON AVOID LETTING THIS BECOME KNOWN IN ANY DISCUSSIONS WITH DREYFUS).

3. IN MEETING WITH CEROILFOOD LATE IN THE MORNING, LANG PASSED HIS CABLE TO THE CHINESE SIDE. THE CHIEF CEROILFOOD NEGOTIATOR (HSU) ACCEPTED IT AND SAID HE WOULD PASS IT TO "A HIGHER LEVEL." THE MEETING WAS FRIENDLY, BUT LANG FELT THERE WAS SOME CONFUSION ON THE CHINESE SIDE
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AS TO WHAT THE US FELT MIGHT BE ACCOMPLISHED BY SUCH A MISSION. HSU MAY HAVE BEEN CONCERNED, LANG THOUGHT, THAT IT MIGHT BE ONLY A REPEAT OF THE HOFFMAN VISIT, OR THAT IT MIGHT INVOLVE PRC SCIENTISTS IN AN UNWANTED CONFRONTATION WITH US COUNTERPARTS WHICH WOULD STILL LEAVE THE BASIC PROBLEM UNRESOLVED. FOR HIS PART, LANG EMPHASIZED TO HSU THAT AN EXCHANGE OF DELEGATIONS MIGHT MAKE IT POSSIBLE FOR CARGILL TO FULFILL ITS

CONTRACTUAL OBLIGATIONS. HSU DID NOT DISPUTE THIS POINT, LANG SAID, AND THE MEETING CAME TO A SWIFT CONCLUSION. (ACCORDING TO LANG, MARQUOT HAS APPOINTMENT WITH CEROILFOOD THIS AFTERNOON.)

4. USLO WOULD APPRECIATE RECEIVING MORE INFORMATION ON THIS APPARENT DECISION TO PROPOSE AN EXCHANGE OF DELEGATIONS. FOR OUR PART, IT HAS BECOME INCREASINGLY EVIDENT TO US THAT A USG MISSION SHOULD BE DISPATCHED TO PEKING FOR TALKS ON THE TCK PROBLEM. PRESUMABLY SUCH A DELEGATION WOULD INCLUDE A POLICY-LEVEL USDA OFFICIAL FULLY CONVERSANT WITH THE US WHEAT TRADE, DR. HOFFMAN, AN OFFICIAL FROM THE AGENCY THAT CONDUCTS THE TCK INSPECTION, AND POSSIBLY A STATE DEPARTMENT REPRESENTATIVE AS WELL. GIVEN THE TOUGH POSITION WHICH THE CHINESE HAVE ADOPTED IN THE CURRENT DISPUTE, WE ARE NOT CONVINCED THAT SUCH A DELEGATION, WERE IT TO COME IMMEDIATELY, WOULD BE ABLE TO RESOLVE THE PROBLEM WITH RESPECT TO THE TWO TCK-CONTAMINATED CARGOES NOW IN PORT. HOWEVER, IN VIEW OF THE LOSSES WHICH WILL INCURRED BY DREYFUS AND CARGILL SHOULD THEY BE FORCED TO ACCEPT REJECTION, CONSIDERATION SHOULD BE GIVEN TO SENDING THE DELEGATION AS SOON AS POSSIBLE.

5. WHETHER THE DELEGATION IS TO COME NOW OR LATER, LONG-TERM US COMMERCIAL INTERESTS DICTATE THAT THE USG APPROACH THIS MATTER WITH THE UTMOST CARE. NO US DELEGATION SHOULD BE SENT TO PEKING WITHOUT BEING THOROUGHLY BRIEFED AND PREPARED TO DEAL WITH ALL THE RAMIFICATIONS OF THIS COMPLEX AND SERIOUS PROBLEM. ANY ILL-PREPARED ATTEMPT ON OUR PART TO INTERVENE IN THE CURRENT DISPUTE MIGHT ONLY LEAD TO A HARDENING OF THE ALREADY TOUGH CHINESE STANCE ON THE TCK ISSUE AND MIGHT

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EVEN GIVE THE IMPRESSION THAT WE ARE INTERESTED ONLY IN PROMOTING US EXPORTS REGARDLESS OF WHETHER SUCH EXPORTS MIGHT THREATNE DAMAGE TO CHINA'S AGRICULTURAL PRODUCTION.

JENKINS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOOD CONTAMINATION, WHEAT, IMPORT CONTROLS
Control Number: n/a
Copy: SINGLE
Draft Date: 18 MAR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974PEKING00461
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: n/a
From: PEKING
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740335/aaaabgxg.tel
Line Count: 158
Locator: TEXT ON-LINE
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: PEKING 453 AND PREVIOUS
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 19 JUN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <19 JUN 2002 by kelleyw0>; APPROVED <31 JAN 2003 by GolinoFR>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: TCK WHEAT SMUT PROBLEM
TAGS: EAGR, ETRD, CH, US
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005